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ABSTRACT

Assessed in this report is the Department of Labor's Summer Program for Economically Disadvantaged Youth. It is asserted that the future employability of many of the most needy youths was not improved because the Department's efforts to assure that State and local governments were operating quality programs were not successful at the sites visited by the General Accounting Office. Poor administration by the Department and by local program operators is cited as the major reason why many youths, mostly at the urban locations, were not exposed to the real world of work. It is also charged that the allocations of funds were based on the desire to maintain prior year enrollment levels rather than on the eligible populations' economic needs and the quality of past programs. Another problem cited is that local operators often failed to target recruiting efforts to youths most in need. A recommendation proposed by this report is that Congress, before considering any expansion of the program, assure itself that the Department of Labor has taken corrective actions. (Author/EB)

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REPORT BY THE

# Comptroller General

OF THE UNITED STATES

# More Effective Management Is Needed To Improve The Quality Of The Summer Youth Employment Program

This report to the Senate Committee on the Budget acknowledges that the Department of Labor's Summer Program for Economically Disadvantaged Youth has an admirable objective to provide youths meaningful work tasks and training to develop their skills and enhance their future employability.

However, the Department's efforts to assure that State and local governments were operating quality programs were not very successful at the sites GAO visited. As a result the future employability of many of the most needy youths was not improved. Poor administration by the Department and by local program operators prevented many youths, mostly at urban locations, from being exposed to the real world of work.

Allocations of funds were based on the desire to maintain prior year enrollment levels rather than on the eligible populations' economic needs and the quality of past programs. Also, local operators often failed to target recruiting efforts to youths most in need.

GAO recommends that the Congress, before considering any expansion of the program, assure itself that the Department of Labor has taken corrective actions.

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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HRD-79-45
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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-163922

To the Chairman and
Ranking Minority Member
Committee on the Budget
United States Senate

Pursuant to your December 22, 1977, request and later meetings with your office, we are reporting on the Department of Labor's Summer Program for Economically Disadvantaged Youth. This report discusses targeting to disadvantaged areas and groups and the relationship of the summer youth employment activities to real work.

To meet the reporting deadline established by your office, we requested that Department of Labor officials meet with us to discuss a draft of this report. The Department's view was that a position regarding the report could not be developed in the very short time frame allowed. As a result, formal Labor Department comments were not considered in the preparation of this report. At the conclusion of our fieldwork, however, we did meet with officials of the Labor regional offices and prime sponsors involved; their views were considered in the preparation of the report.

As arranged with your office, we are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Labor; and other interested parties. Copies will also be available to others on request.

Elmer B. Staats

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE SENATE
COMMITTEE ON THE BUDGET

# MORE EFFECTIVE MANAGEMENT IS NEEDED TO IMPROVE THE QUALITY OF THE SUMMER YOUTH EMPLOYMENT PROGRAM

## D I G E S T


The Department of Labor's Summer Program for Economically Disadvantaged Youth has an admirable objective to provide youths meaningful work tasks and training to develop their skills and enhance their future employability. But, to be an effective tool to combat the high unemployment rate among disadvantaged youths, particularly inner-city minorities, the program must maintain congressional and public confidence that it is being carried out effectively and as economically as possible.

Unfortunately, the Department of Labor's efforts to assure that State and local governments were operating quality programs were not very successful at the sites GAO visited. As a result, the future employability of many of the most needy youths was not improved. Poor administration by the Department and by local program operators prevented many youths, mostly at urban locations, from being exposed to environments that resembled the real world of work, where there is enough useful work to be done and good work habits are fostered. The program's purpose is defeated when youths are paid for little or no work or for playing games or when they are paid even though they were late or absent. Poor work habits that are learned or reinforced will offset any benefits received.

There were also problems in targeting program funds to areas and groups. Allocations were based on the desire to maintain prior year enrollment levels rather than on the eligible populations' needs and the quality of past programs.

GAO has previously reported on problems in the summer youth program and its predecessor, the Neighborhood Youth Corps.



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The Comprehensive Employment and Training Act and implementing Federal regulations authorize Labor to make grants to prime sponsors--generally State and local governments--to provide economically disadvantaged 14- to 21-years-olds with meaningful work and training to develop their skills and enhance their future employability. Labor provides technical assistance, approves the sponsors' plans, and monitors their compliance with legal and regulatory requirements.

The summer youth program is the largest of several youth employment and training programs. About $755 million was obligated to enroll approximately 1 million youths in the 1978 program. The program has grown substantially since 1975, when about $391 million was obligated to serve 716,200 enrollees.

GAO's evaluation included fieldwork at seven sponsor locations (four urban, three rural), where in 1978 about $48 million was available to serve more than 76,000 youths. At these locations, GAO visited 230 worksites, to which 6,257 enrollees were assigned. These included 173 urban sites with 5,898 enrollees and 57 rural sites with 359 enrollees.

## ENROLLEES OBTAIN LITTLE MEANINGFUL WORK EXPERIENCE

Labor has provided criteria as to what constitutes "meaningful work experience." However, GAO could not find sufficient detailed guidance to implement the criteria and, therefore, found it necessary to spell out sufficiently detailed guidance to make it possible to evaluate the effectiveness of the program and to determine whether Labor's criteria had been met.

In assessing the quality of worksite experiences designed to introduce enrollees to the world of work, GAO considered the usefulness of the work, the amount of work, and the quality of supervision, which included keeping enrollees busy and fostering good work habits. (See pp. 6 to 10.)

Half of the worksites visited (115 of 230) met GAO's minimum standards for providing a meaningful work experience. This, in GAO's view, clearly establishes the ability to achieve, and the reasonableness of, these standards. Unfortunately, only 30 percent of the enrollees were assigned to these sites. The problem was more pronounced at urban sites where GAO observed--at the time of its onsite visits--that almost three of every four enrollees were exposed to a worksite where good work habits were not learned or reinforced, or realistic ideas on expectations in the real world of work were not fostered. In contrast, about four out of every five enrollees at rural sites were exposed to conditions which provided a meaningful work experience. (See pp. 11 to 20.)

GAO believes there were two key reasons why the rural sites provided better work experience than the urban sites. Rural sites were smaller and, thus, more manageable than the urban sites. Also, from GAO's discussions with supervisors, it appeared that rural supervisors had better experiences, general understandings of the program's objectives, and awareness of their responsibilities than the urban supervisors.

Most urban enrollees were at sites where there was little meaningful work experience because enrollees were not provided enough useful work or not given supervision that fostered good work habits. Both conditions were present at some sites. These factors were considered separately in identifying minimally acceptable sites. (See pp. 11 and 12.)

GAO believes that useful work should provide visible, continued, improved, or new services or goods benefiting the community or employer. Training activities should be useful in enhancing enrollees' future employability. In addition, enrollees should be occupied for most of the scheduled workday. These conditions are necessary to present a realistic impression of the world of work, where employers expect a day's work for a day's pay. (See pp. 7 to 10.)

On the days of GAO's visits, only 43 percent of the enrollees were assigned at sites that provided enough useful work. Rural sites usually kept enrollees busy during working hours. Enrollees at urban sites, however, were observed on those days to be frequently idle or participating in recreational activities. (See pp. 12 to 17.)

In evaluating whether enrollees were being given the opportunity to develop good work habits, GAO considered (1) whether working hours were enforced (and procedures were used to prevent payment for absences), (2) enrollees' behavior was controlled, and (3) whether supervisors, through action or discussion, impressed upon enrollees the need for good work habits, including proper attitude, behavior, appearance, and motivation. (See p. 10.)

GAO's review showed, at the four urban sponsors visited, that enrollees assigned at sites where the opportunity to form good work habits was being provided ranged from 22 percent in Newark to 66 percent in Los Angeles. Rural sites visited had a much higher range (from 65 to 92 percent) satisfying this standard. Problems at the urban sites most frequently related to poor supervision or too many enrollees being assigned for the work at hand. (See pp. 17 to 20.)

These problems resulted basically from weak management by Labor and the sponsors in assuring that worksites provided meaningful work.

Although Labor, in the summer program regulations, stressed improved program quality, especially in how sponsors selected and monitored worksites so that meaningful work is provided, its efforts to assure that sponsors fulfilled the regulatory intent were limited and ineffective. (See p. 20.)

Some sponsors' selection of subgrantees had shortcomings that hampered the development of good worksites. In addition, most sponsors' monitoring practices did not assure that worksites were providing meaningful work experience. Some sponsors did not monitor all worksites; some practices did not emphasize the quality of the work experience; and some problems, when identified, were not corrected. (See pp. 21 to 25.)

FUNDING TO SPONSORS IS NOT CLOSELY LINKED TO NEED AND MAY AFFECT PROGRAM QUALITY

The manner in which Labor allocated program funds to sponsors did not directly relate to the eligible populations' needs or consider sponsors' past performance in meeting program goals. (See p. 26.)

In the absence of a legislatively mandated method, Labor regulations established a two-step funding process for the summer youth program. In the first step, an amount is computed using a formula that considers indicators of economic need. If the formula computation does not allocate enough funds for a sponsor to provide the same number of jobs as in the prior year's program, a second step is used, in which the allocation is increased to an amount necessary to sustain the prior year's enrollment level. Under this method, some sponsors received more funds than they would have gotten under the allocation formula, while many sponsors received less. This funding procedure generally favored urban sponsors. (See pp. 26 to 30.)

The funding methodology, in basically the same form, is now incorporated in legislation as a result of the Congress including the identical funding procedures of the administration's bill in the Comprehensive Employment and Training Act Amendments of 1978. Thus, remedying inequities in the funding process will require legislative action. (See p. 28.)

The method of allocating summer youth program funds is similar to that used in comprehensive employment and training services programs, with one notable exception. The funding procedures for the latter program permit reducing allocations by as much as 10 percent from the prior year's level based on a decline in relative need. (See p. 29.)

Labor's allocation of a relatively greater share of funds to urban areas may have affected program quality in those areas. The sites visited at two urban sponsors, which were funded at levels substantially higher than the amount the formula would have allocated, provided a lower percentage of enrollees with a meaningful work experience than did most of the other sponsors. (See pp. 30 and 31.)

THE PROGRAM MAY NOT BE SERVING THOSE MOST IN NEED

Although regulations require sponsors to serve economically disadvantaged youths most in need of program services, sponsors' efforts to identify and recruit such youths were limited. (See ch. 4.)

At the locations visited, variations existed in target groups or significant segments to be served identified in the sponsors' plans to receive services. These segments were generally identified on the basis of the prior year's program experience rather than on particular employment problems or services needed.

Most of the sponsors' recruiting efforts were directed at the general student population, although regulations required outreach emphasis on school dropouts, those not likely to return to school without program assistance, and students facing significant employment barriers.

Virtually all the participants served by the seven sponsors were students. Participation

in the program by nonstudents, especially dropouts, was limited. Representation by dropouts in the urban programs was less than 4 percent, generally lower than the representation of dropouts in the rural programs.

In addition, from about 50 to 70 percent of the enrollees at three sponsors (including two urban sponsors) were under 16 years old and seemingly less in need of employment services than older youths. (See pp. 34 to 36.)

Sponsors' efforts to assure that only eligible youths participated varied and in some instances were limited. (See pp. 39 to 42.)

## RECOMMENDATIONS TO THE CONGRESS

There are inevitable problems associated with effective administration of a program that has grown as rapidly as the summer youth program. Consequently, GAO recommends that the Congress, before considering any expansion of the program, assure itself that the Department of Labor has taken effective corrective actions to improve the quality of the program.

GAO recognizes that inflation and minimum wage rates increase program costs over time. However, based on the observations of GAO's current study, the program as presently operated is generally not giving many youths the type of work experience they need to increase their future employability. This is especially true in urban areas. GAO believes the fiscal year 1978 funding levels are more than sufficient to continue program operations until Labor (1) provides specific guidance to sponsors on how to assess the quality of worksite experience, (2) establishes an effective means of determining whether sponsors are providing meaningful work to enrollees and meeting other program requirements, and (3) develops and proposes to the Congress funding procedures that more adequately consider the needs of the eligible youths and allocate funds to sponsors based on demonstrated success in providing meaningful work.

In the interim, the Congress should consider amending the Comprehensive Employment and Training Act provision for allocating summer youth funds to provide funding procedures similar to those in the act for comprehensive employment and training services programs. The latter funding procedures provide for gradually adjusting annual allocations to bring them closer to formula amounts. (See pp. 45 and 46.)

RECOMMENDATIONS TO THE SECRETARY OF LABOR

GAO recommends that the Secretary of Labor

--provide sponsors with specific guidance on how to assess the quality of worksite experiences, including developing models of work settings that provide the opportunity to develop good work habits and identifying and prohibiting activities that bear no relationship to real work;

--take effective action (1) to improve Labor regional office monitoring of the program to assure that sponsors develop and operate programs that provide meaningful work and (2) to withhold funds from sponsors that have not developed programs meeting requirements;

--develop and propose to the Congress funding procedures that more equitably distribute program funds to the eligible population while considering sponsors' demonstrated success in summer youth programs;

--take effective action to assure that sponsors recruit and increase the participation of out-of-school and other youths most in need of program employment and training services; and

--require sponsors to obtain from applicants adequate evidence of eligibility and to verify eligibility. (See pp. 46 and 47.)

AGENCY COMMENTS

Because of the need for early issuance of this report, GAO did not obtain or consider Labor Department comments on its findings, conclusions, or recommendations. Upon completing its fieldwork, however, GAO did meet with officials of the Labor regional offices and sponsors involved. Their views were considered in the preparation of this report.

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## ABBREVIATIONS

| | |
|---|---|
| BLS | Bureau of Labor Statistics |
| CAAG | Central Arizona Association of Governments |
| CETA | Comprehensive Employment and Training Act of 1973 |
| GAO | General Accounting Office |
| OMB | Office of Management and Budget |
| SPEDY | Summer Program For Economically Disadvantaged Youth |

## CHAPTER 1

## INTRODUCTION

In a December 22, 1977, letter, the Chairman and the Ranking Minority Member, Senate Committee on the Budget, asked us to determine whether the Department of Labor's Summer Program for Economically Disadvantaged Youth (SPEDY) is providing useful work to youths. Specifically, we were asked to:

--Address the adequacy of enrollee recruiting and selection procedures, including how well these efforts are targeted to disadvantaged areas and groups, and their relationship to year-round training and employment programs authorized by the Comprehensive Employment and Training Act of 1973, as amended (CETA) (29 U.S.C. 801).

--Determine what the enrollees are doing, in terms of usefulness of the work experience, adequacy of supervision, extent of on-the-job training, and usefulness of the work to employers and communities.

We later agreed with the Chairman's office that our evaluation would include a mixture of urban and rural communities, with fieldwork to be done at two large cities, two-medium size cities, and three rural areas. A nationwide sampling was not considered feasible because of time frame and resource constraints. The scope of our evaluation is detailed in chapter 6.

### THE SUMMER YOUTH PROGRAM

Before CETA was enacted in 1973, the summer youth program was operated as one component of the Neighborhood Youth Corps program, authorized by the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701). At that time the Neighborhood Youth Corps summer program was primarily intended to help high school age low-income youths remain in school by providing them with summer employment. Program responsibility was transferred from the Office of Economic Opportunity to the Department of Labor in 1964.

After CETA was enacted, the name Neighborhood Youth Corps was dropped and the summer youth program became known as SPEDY. Its primary purpose became one of providing work experience to economically disadvantaged youths during the summer to enhance their future employability. These part-time summer jobs, which generally pay the minimum wage, are

with schools, hospitals, libraries, community service agencies, and other public and private nonprofit agencies and groups.

The program is directed at economically disadvantaged youths, both in and out of school, between 14 and 21 years of age. It is aimed at all segments of the disadvantaged population, but especially at school dropouts, potential dropouts, and in-school youths likely to encounter employment barriers because of their work attitude, aptitude, and social adjustment.

SPEDY has the largest enrollment of the several youth employment and training programs designed to combat the high unemployment rate among youths. Youths in general have an unemployment rate more than twice that of the general labor force. The minority youth unemployment rate has been running about 40 percent, with the rate for inner-city youths approaching 50 percent. About 1 million youths participated in the 1978 summer youth employment program. The Youth Employment and Demonstration Projects Act of 1977 authorized four other programs which, collectively, served an estimated 390,000 youths in fiscal year 1978.

Labor issues regulations specifically for SPEDY; these we refer to as SPEDY regulations. Labor also issues regulations governing many CETA programs, including SPEDY; we refer to these as CETA regulations.

## FUNDING

Labor's Employment and Training Administration makes CETA grants to about 450 prime sponsors--generally State and local governments. Through its 10 regional offices, Labor provides technical assistance, approves plans, and monitors prime sponsors' compliance with CETA provisions.

The program has grown steadily since 1975, the first year of SPEDY operations under CETA. In 1975 about $391 million was obligated in serving 716,200 youths, whereas in 1978 about $755 million was obligated to employ approximately 1 million youths. Urban prime sponsors generally receive a large share of the funds. For example, the 50 largest U.S. cities were members of prime sponsors that received almost 30 percent of SPEDY funds in 1978. Our evaluation included fieldwork at seven sponsor locations, where about $48 million had been available in 1978 to serve more than 76,000 youths.

To obtain funding, a prime sponsor is required by SPEDY regulations to submit an annual plan to Labor for approval. This plan must, among other things, describe procedures to be used to supervise service providers (including criteria for determining that a program has demonstrated effectiveness) and arrangements to ensure that employment and training services will be provided to those who most need them.

## PRIOR GAO REPORTS

We have described this program's operational and managerial weaknesses in other reports. In our report to Congresswoman Elizabeth Holtzman, "Poor Administration of the 1977 Summer Program for Economically Disadvantaged Youth in New York City" (HRD-78-123, July 26, 1978), we discussed serious problems in planning, registration of youths, monitoring, coordination, and staffing. Youths were not given enough work and were certified present at jobs when they were absent.

A report to Congressman Fred Richmond, "Payment Problems in the Summer Youth Employment Program in New York City" (HRD-77-18, Feb. 2, 1977), pointed out that some enrollees were not paid at all, were paid incorrectly, or were paid late.

A report to Congressman Parren J. Mitchell, "Information on the Summer Youth Employment Program" (HRD-77-121, June 27, 1977), summarized our reports on this program as far back as its predecessor, the Neighborhood Youth Corps. These reports identified such problems as lack of meaningful work, inadequate monitoring by Labor, enrollees being paid for more time than they actually worked, and lack of a clear definition of the program's purposes and objectives.

## LABOR STUDIES OF THE 1978 SPEDY

Because it had little idea of the quality of the program's work experience or its impact on participants, Labor contracted for several studies and conducted in-house studies in addition to its routine monitoring of the 1978 SPEDY. Labor planned to use the information generated in drawing up regulations and guidelines for 1979. In these studies:

--A contractor's staff interviewed about 300 youths at 96 worksites of 9 prime sponsors about their work. Information was sought on hours and wages, supervision, program monitoring, adequacy of planning, and quality of worksites.

--As part of an ongoing effort to develop case studies of youth programs, a contractor analyzed the extent to which SPEDY was integrated with year-round youth programs. This analysis involved a series of case studies on 37 prime sponsors.

--Labor review teams examined SPEDY programs of 11 prime sponsors. The first visits, made in May, concentrated on early planning, integration with other programs, and employability development. The second visits, made later in the summer, focused on operations.

--Labor selected five model prime sponsor SPEDY programs from those recommended by regional offices as exemplary in the summer of 1977. Five prime sponsors documented 1978 activities according to a uniform format. Monographs were collected in a single technical assistance package for distribution to all prime sponsors to aid 1979 planning. The effort also included developing a film of the model sponsors' operations. We were told that 500 copies of this film are being sent out to assist in developing 1979 program operations.

--A contractor studied selected worksites in New York City's 1978 summer program. The study was done to identify the procedures and policies of the New York City program and to recommend actions to improve operations.

--A contractor studied a national sample of 1978 SPEDY grant applications and end-of-summer reports by 51 prime sponsors to determine the frequency of certain practices and program approaches and to review the relationship between prime sponsor plans and requirements of Labor's grant application package.

A Labor official told us that, as of December 31, 1978, all of the fieldwork for the studies was complete. However, reports on the studies were, for the most part, still preliminary. As appropriate, we have included these studies' tentative findings in our report. Those tentatives findings are similar to many of our findings.

## CHAPTER 2

## MANY YOUTHS ARE NOT BEING PREPARED FOR REAL JOB SITUATIONS

The Department of Labor's Summer Program for Economically Disadvantaged Youth has an admirable objective to provide youths meaningful work tasks and training to develop their skills and enhance their future employability.

However, the Department of Labor's efforts to assure that State and local governments were operating quality programs were not very successful. As a result, the future employability of many of the most needy youths was not improved. Poor administration by the Department and by local program operators prevented many youths, mostly at urban locations, from being exposed to environments that resembled the real world of work, where there is enough useful work and good work habits are fostered.

The program's purpose is defeated when youths are paid for doing little or no work or for playing games or when they are paid even though they were late or absent. Poor work habits that are learned or reinforced will offset any benefits received.

Only about one out of every four youths enrolled at urban sites we visited was exposed to an environment that bore an acceptable resemblance to the real world of work. In rural areas about 80 percent of the youths were at acceptable sites. Many of the urban enrollees did not work most of the day--they spent much of their time in recreation, questionable work activities, or idleness. Many were at sites where supervisors did not enforce work hours or develop other critical work habits relating to behavior, attitude, motivation, and appearance. Consequently, these enrollees experienced little of what will be required when they compete in the job market.

We believe there were two key reasons why the rural sites we visited provided better work experience than the urban sites we visited. Rural sites were smaller and, thus, more manageable than the urban sites. Also, from our discussions with supervisors, it appeared that rural supervisors had better experiences, general understandings of the program's objectives, and awareness of their responsibilities than the urban supervisors.

Poor administration by the Department of Labor, the sponsors, and worksite supervisors led to most of the problems we observed. Worksite problems, such as poor supervision, too many enrollees being assigned for the work at hand, equipment shortages, and planned work not being useful, were largely caused by sponsors' ineffectiveness in selecting and monitoring worksites. Although worksite selection and monitoring were emphasized in SPEDY regulations, Labor's involvement with the sponsors' programs was too limited to assure that sponsor worksite selection and monitoring were effective.

We and others criticized SPEDY's predecessor, the Neighborhood Youth Corps, as being basically an income maintenance program with little useful activity. We criticized earlier SPEDY programs for the same reason. Labor acknowledged that earlier programs had been administered with an income maintenance philosophy. Although Labor stressed improved quality in the 1978 SPEDY, much needs to be done to assure that meaningful work and training are provided--especially in urban areas.

## WHAT IS WORK EXPERIENCE AND WHAT SHOULD IT ACCOMPLISH?

According to SPEDY regulations, the summer youth program was to give youths meaningful work tasks and training to develop their skills and enhance their future employability. Short-term goals included providing structured, well-supervised work to improve work habits. In addition to work experience, sponsors could provide other activities, such as occupational and classroom training. According to CETA regulations, occupational training must be for occupations in which a skill shortage exists and in which there is a reasonable expectation of employment. Classroom training must be related to specific job skills and may include remedial training to upgrade basic skills.

As defined in CETA regulations, work experience is a short-term and/or part-time work assignment designed to enhance the employability of individuals who either have never worked or have not worked in a long time. It is designed to increase employability by providing experience on a job, an opportunity to develop occupational skills and good work habits, and an opportunity to develop specific occupational goals through exposure to various occupations. A CETA program monograph "Work Experience Perspectives: CETA Program Models" more appropriately describes work experience to be

"* * * manpower activities that expose enrollees to simulated and actual work conditions, expectations, and job content similar to those encountered in the unsubsidized work world."

SPEDY regulations provide further identification of "meaningful work experience." The regulations require that prime sponsors, when selecting contractors and subgrantees, consider their capability to provide worthwhile work that is appropriate in terms of participants' needs and local market demands. The regulations also require sponsors to determine through monitoring that there is enough meaningful work to occupy all the youths during the hours they are at the site.

Although Labor has provided criteria as to what constitutes "meaningful work experience," we could not find sufficient detailed guidance to implement the criteria. Therefore, we found it necessary to spell out sufficiently detailed guidance to make it possible to evaluate the effectiveness of the program and to determine whether criteria established by the Labor Department have been met.

In assessing the quality of worksite experiences designed to introduce enrollees to the world of work, we considered usefulness of the work, the amount of work, and the quality of supervision, including keeping enrollees busy and fostering good work habits.

To determine what SPEDY enrollees were doing and whether worksites were providing meaningful work or training, we visited 230 selected SPEDY worksites of the sponsors in our review. These included 173 urban sites with 5,898 enrollees and 57 rural sites with 359 enrollees. Because our coverage was limited, our statistics should not be applied to the entire program. Nevertheless, we believe our findings are sufficiently serious to indicate the need for improvements in program administration.

The specific criteria we used in making our determination are discussed below.

## Activities need to be useful to be meaningful

In evaluating the meaningfulness of work and training activities, we determined whether they were useful in terms of enhancing enrollees' future employability and in providing a visible benefit to the community or worksite employer. At least some activities at most worksites were useful in these respects.

Work experience activities, according to CETA regulations, should increase employability by giving individuals experience on a job and an opportunity to develop occupational skills and good work habits. We believe that useful work activity should provide visible, continued, improved, or new services or goods benefiting the community or employer. In this way, enrollees are introduced to a realistic work setting, where employers expect some form of benefit in return for pay. Benefits to the community and worksite employers are readily apparent in more traditional jobs, such as clerical (provided at 36 percent of the sites reviewed) and maintenance (provided at 55 percent of the sites reviewed). For example:

--A government agency used four enrollees for typing, filing, and other clerical duties.

--A municipal highway department involved six enrollees in road, building, parks, and vehicle maintenance.

--A hospital employed 48 enrollees in a variety of capacities, including lab technicians and orderlies.

--A school used 13 enrollees to maintain the grounds.

The community also benefits from less traditional work activities, such as day care and community and social services. For example:

--A day care center used 15 enrollees to supervise about 90 children. The enrollees directed the children in arts and crafts, music, and recreation and also supervised their lunch periods.

--Some of the 37 enrollees at a community service center assisted senior citizens in getting to and from the center's health clinic and in shopping. The other enrollees worked as day care aides, health center aides, and food distributors.

We viewed arts, music, and drama activities as useful because they involved training and the public generally benefited from performances by the enrollees. About 18 percent of the sites reviewed offered such activities. For example:

--Thirty-four youths continued their music education as members of a band that performed in public.

--A dance company instructed 12 enrollees in African dance and provided occasional community performances.

About one-third of the sites provided some training to enrollees. Although training does not generally provide a direct, visible benefit to the community, we considered training useful if it provided individuals with technical skills or upgraded basic skills, such as in English and math. These features are provided for in CETA regulations. In addition, the regulations specify that occupational training be designed for occupations in which skill shortages exist and in which there is a reasonable expectation of employment. We observed training we considered useful at several sites. For example:

--Seventeen youths were enrolled at an auto mechanic/body repair school, in which classroom training was complemented by practical experience.

--Eight enrollees were trained in carpentry and woodworking by a high school industrial arts instructor. The summer project was to build bookcases for the school system.

--Six of 25 enrollees at a community service worksite were found by their supervisor to have deficiencies in basic skills that limited their job performance. These enrollees attended site-sponsored remedial math and English courses part of the time.

Some activities, in our opinion, could not be classified as useful work or training. For example, recreational activities involving only enrollees as participants occurred at least some of the time at about 27 percent of the sites. For example:

--At a community agency about half the scheduled activity for most of the 60 enrollees involved recreation, including volleyball, kickball, and basketball.

--All activities for 67 enrollees assigned to a park site were recreational, including baseball, basketball, and swimming.

Other activities that we considered to be providing little or no useful work or training included the following:

--Most activities for 125 enrollees at a community agency involved physical fitness, yoga, and martial arts classes.

--The primary activities for eight enrollees at a community agency site were cultural field trips, ethnic history classes, and sports.

We do not object to providing opportunities for recreation and culture to youths, particularly in conjunction with work assignments. However, the proportion of time spent in such activities in these instances--from about half to all--are in our view not in keeping with achieving the objectives of the program.

Enough work to keep busy--
a real world expectation

For work or training to be meaningful, the activity should not only be useful but also occupy enrollees for most of the scheduled workday. This is necessary to present a realistic impression of the world of work, where employers expect a day's work for a day's pay. For our analysis, we defined "enough useful activity" as being engaged in useful work and/or training activities at least 75 percent of the scheduled worktime. In other words, we expected that enrollees work at least 3 out of 4 hours on the job. Scheduled worktime excluded reasonable allowances for lunch and breaks.

Good work habits--
a basic job need

Good work habits are prerequisites for getting and keeping a job. A CETA program model monograph noted that learning to work is as critical as learning a skill. Developing good work habits, such as getting to work on time, reporting regularly for work, working cooperatively with others, and accepting supervision and responsibility, are especially important in SPEDY. Providing structured, well-supervised work to improve work habits was one of SPEDY's short-term goals. Work habits are developed at the worksite, and development largely depends on how enrollees are supervised. Of enrollees we spoke to, most were still in school and about one-third said they had never had a job before.

In evaluating whether enrollees were being given the opportunity to develop good work habits, we considered whether working hours were enforced (and attendance procedures existed to prevent payment for absences); whether enrollees' behavior was controlled; and whether the supervisor, through action or discussion, impressed upon enrollees the need for good work habits. This third factor included attitude, behavior, appearance, and motivation.

## MANY ENROLLEES WERE PROVIDED LITTLE MEANINGFUL WORK EXPERIENCE

In the preamble to the 1978 SPEDY regulations, Labor stated that the changes made reflected "continued efforts" to improve the quality of the summer program so that youths will engage in meaningful work tasks and training which will develop their skills and enhance their future employability. However, Labor's desired improvement in the quality of SPEDY has not been achieved.

Half of the worksites visited (115 of 230) met our minimum standards for providing a meaningful work experience. This, in our view, clearly establishes the ability to achieve, and the reasonableness of, these standards. Unfortunately, only 30 percent of the enrollees were assigned to these sites. The problem was more pronounced at urban sites where we observed--at the time of our onsite visits--that almost three of every four enrollees were exposed to a worksite where good work habits were not learned or reinforced, or realistic ideas on expectations in the real world of work were not fostered. In contrast, about four out of every five enrollees at rural sites were exposed to conditions which provided a meaningful work experience.

Sites that we believed provided at least a minimally acceptable work experience provided enough useful work, developed good work habits, and had good supervision. However, they did not necessarily provide for continuous useful work. In other words, there was enough useful work, but idle time was not always minimized or constructively used. In addition to providing meaningful work experience, about half of these sites enhanced the work experience of some enrollees by providing jobs or training that developed skills.

Appendix I shows, by sponsor, the number of minimally acceptable worksites and enrollees assigned compared to all sites visited and their enrollment. This information shows that enrollees at rural sites fared better than those at urban sites. The proportion of enrollees assigned at minimally acceptable worksites at the four urban sponsors visited ranged from 8 percent in Newark to 57 percent in Los Angeles. Rural sites visited had a much higher range (from 65 to 82 percent).

Most enrollees were at sites where there was little meaningful work experience because enrollees were not provided enough useful work or not assigned with supervision that

fostered good work habits. Both conditions were present at some sites. Appendixes II and III show, by sponsor, the relative number of enrollees at sites that provided enough useful work, and the opportunity to develop good work habits, respectively. These factors were considered separately in identifying minimally acceptable sites shown in appendix I. For example, a site was determined not minimally acceptable because poor work habits were fostered even if it provided enough useful work. Another site was not acceptable because, while promoting good work habits, it did not provide useful work. Other sites failed to meet either condition.

A day's work for a day's pay--
not always the case

Enrollees we observed at 148 sites, or 64 percent of the 230 sites visited, were occupied with enough useful work activities on the day of our visit. These sites, however, enrolled only 43 percent of youths assigned to all sites we visited.

Appendix II shows, by sponsor, the number of worksites providing enough useful work and their enrollment. The data show that rural sites were more effective in this regard. Only 56 percent of the urban sites provided enough work, while 89 percent of the rural sites did. These urban sites were assigned 40 percent of the total enrollment at urban sites visited, while 89 percent of rural enrollees were at sites that had enough work.

Examples of sites providing
enough useful work

At 148 sites, enrollees we observed were working at least three-quarters of the time on the day of our visit. At 120 of these sites, we observed no time that was not constructively used. Activities at these sites included the following:

--An urban high school used 21 enrollees in a print shop producing forms for the school system.

--A rural parks department employed two enrollees to maintain existing park grounds and prepare a new picnic area. We found the area to be well maintained.

--A rural hospital gave 14 enrollees practical clerical experience in bookkeeping, filing, and billing procedures.

--An urban day care center employed 12 enrollees as day care aides, supervising children's recreation activities, recordkeeping, and lunch distribution. According to the site supervisor, the center could not have operated without the enrollees.

--A rural library had three enrollees shelving returned books and performing light housekeeping duties.

Other sites, while not keeping enrollees busy all day, provided enough useful activity to keep them occupied most of the day. For example:

--Three rural enrollees were scheduled to work 7 hours a day preparing and distributing food under the Summer Nutrition Program. However, they were released when the work was completed, usually about an hour early.

--Eight enrollees were to organize and supervise youth activities at an urban playground. Although there was enough work to keep them occupied most of the workday, enrollees were observed playing basketball and checkers.

An added benefit to any meaningful work experience is skill development. About one-third of the sites provided occupational skill development to at least one of their enrollees. Some sites had organized training programs. For example, 13 enrollees at one site were participating in a welding and small engine repair training program. Some were engaged in special projects, such as lawnmower overhaul. Enrollees also visited welding and sheet metal firms.

In most cases, however, skills were developed incidentally through on-the-job experience. For example:

--An urban university employed 48 enrollees in various skill-developing clerical jobs. Two of the enrollees were also learning key punching, while two others worked as library assistants.

--At an urban community agency, 4 of 64 enrollees were developing typing skills. The others were involved in neighborhood maintenance activities.

--An urban group employed 15 of its 30 assigned youths in printing the group's newspaper. In addition to printing skills, the youths were learning artistic layout and photography. Of the other enrollees, 5 were performing clerical duties and 10 were involved in maintenance.

--A rural school used two enrollees in clerical capacities, doing such things as typing, filing, and updating student files.

Labor studies of the 1978 SPEDY at 11 prime sponsors also showed that little formal skill training was occurring. Less than 6 percent of SPEDY resources at the locations visited were used for services and activities other than work experience. Few prime sponsors were involved in institutional skill training or remedial education.

Many enrollees were not exposed to realistic impressions of the world of work

Enrollees at more than one-third of the sites we visited, representing about 57 percent of the total enrollment at all sites visited, were not engaged in enough useful activity. Less than three-fourths of enrollee worktime at these sites was spent constructively. We believe the enrollees at these sites were exposed to unrealistic work settings and were given distorted impressions of what would be expected in the real world of work. This condition was more common at urban than at rural sites visited.

The immediate causes of this problem often involved poor supervision; that is, supervisors not directing enrollees to do available work and sites being assigned more enrollees than were needed to do the work at hand. Other reasons included a lack of equipment, a failure of planned programs to materialize, and a lack of useful planned activities. Some sites experienced more than one of these problems.

Poor supervision was a factor in about 60 percent of the sites where there was little work going on. For example:

--An urban public housing project was assigned 115 enrollees to work in maintenance, food distribution, and recreation. On the date of our visit, we observed very little activity. Some enrollees signed in, then left, while others arrived up to 2 hours late, but posted an earlier time on the sign-in sheet. Later

in the workday, only 20 of 108 signed-in enrollees were still present at the site. Enrollees assigned to food distribution were idle half of the 5-hour workday. Youths working as recreational aides could not be located by the supervisor. Enrollees involved in maintenance were idle, although the project's grounds obviously needed attention.

--An urban community agency's neighborhood beautification program was assigned 12 enrollees. The activities involved removing graffiti from residential and commercial properties and cleaning vacant lots and residential yards. During our visit to the site, we observed much idleness. The supervisor also allowed enrollees to leave early. On the day of our visit, the 5-hour work schedule was shortened to 3 hours and 45 minutes.

At about 40 percent of the sites that lacked enough useful activity, there appeared to be too many enrollees for the work at hand. For example:

--Fifty-three youths were to supervise and distribute food to 3- to 11-year-old children. Many more enrollees were assigned than were needed to support site activities. About 50 children participated in the food and recreation programs at a small concrete school yard. The program equipment consisted of three small tables (no chairs), a volleyball, a kickball, and a jump rope. On the day of our visit (a nice day), we observed virtually no work activity--most enrollees were idle or playing games. Later that day and on another occasion, we noted similar conditions.

--An urban church was assigned 140 enrollees for child care, maintenance, and clerical activities. On the day of our visit, no children were present. Enrollees, except for those maintaining enrollee sign-in sheets, were idle or playing games.

In other cases, equipment shortages resulted in problems. For example, 43 enrollees were assigned to an urban block association to clean streets and cut grass in vacant lots. But the worksite had only two brooms and two rakes. Occasionally, equipment was borrowed from neighborhood residents. Enrollees were idle much of the time.

Activities planned by some sites did not materialize, leaving enrollees with little to do. For example, an urban program enrolled 10 youths to be trained as arts and crafts instructors at day camps. Enrollees engaged in some arts and crafts activities, but were not trained as instructors. The enrollees were either idle or playing games much of the time.

Enrollees at other sites were involved in activity that seemed useless. For example, an urban neighborhood community center was assigned 84 enrollees to serve as "police aides," but there was no coordination with or approval of the city's police department. Ten of the enrollees served as "dispatchers," while the rest were to patrol sections of the neighborhood in groups of about 10 for peacekeeping purposes. The site did not have any phones or other means for the dispatchers to communicate with the field patrols. Consequently, these enrollees were idle. The 74 enrollees in the eight patrol units were not trained, had no identification, and were not accompanied by an adult supervisor. We drove around the area but were not able to locate any of the eight "squads."

Recreation activities involving only enrollees were quite prevalent. We observed such activities at 63 of the sites visited. Sixty of these were urban sites, or about one-third of all urban sites visited. Recreation was the primary activity at 21 of the sites. For example:

--The primary activity for 51 enrollees at an urban civic group was sports. Through competitive sports, enrollees were to learn to compete at other levels. In addition to a lack of direct vocational benefit, sports equipment was limited.

--Ten enrollees were to teach disadvantaged youths to play tennis. However, the planned instruction period involved only 6 hours of the 25-hour workweek. The rest of the time, enrollees played tennis or were idle.

Some sites experienced a number of problems that limited the amount of useful work accomplished. The problems at some of these sites are described below.

--An urban sponsor assigned 236 enrollees to be instructed in African dance and music, martial arts, modeling and charm, and drama. The site, located at a park, operated 8 hours a day. When it rained, enrollees were sent home. Enrollees participated on

alternating days in groups of between 95 and 236. On the day of our visit, the first 2 hours of the workday consisted of signing enrollees in--many arrived late. During this time some enrollees were idle, others played games, and some left the site. At one point only 24 of the 95 enrollees who had signed in could be located by a sponsor monitor. Some dance activities got underway 2-1/2 hours after the official starting time of the site, continuing for 1-1/2 hours before breaking for lunch. We returned to the site later in the day only to find the enrollees on a 50-minute break.

--Twenty-one youths were assigned to an urban site where the only planned activity was participation in recreation. Site activities included playing basketball and swimming. Besides lacking a useful activity, the site lacked proper supervision and equipment. As a result enrollees were idle most of the time, some were disorderly, and some wandered from the site.

--An urban theater group was assigned 44 enrollees to assist in festival presentations. On the day of our visit, some of the youths were constructively occupied. About half of them, however, were idle, listening to music or skateboarding.

Opportunities for development of good work habits--a basic job need--not always being provided

One criticism of SPEDY's predecessor, the Neighborhood Youth Corps, was that it often provided negative job experiences which defeated the developmental potential of the program by reinforcing bad work habits. This situation existed at many worksites in the 1978 SPEDY.

Of the worksites we visited, 61 percent (140 of 230) were providing the opportunity to develop good work habits. However, these sites included only 46 percent of the enrollees assigned to all sites we visited. Supervision is the key to developing good work habits. Appendix III shows, by sponsor, the number of sites and enrollees assigned where the opportunity to develop good work habits was being provided.

Some examples of good work habit development are given below.

--At a worksite with 12 enrollees responsible for child care and supervision of a recreation program, we observed supervisors working closely with enrollees. Individual counseling sessions were scheduled twice weekly, and group sessions were scheduled weekly. One potential school dropout was receiving a counselor's attention and encouragement to stay in school. Worksite policy did not permit pay for absences.

--At a site with six enrollees, we observed apparently good rapport between the supervisor and enrollees. The supervisor was teaching the enrollees the importance of industriousness, high-quality work, cooperation, and accepting supervision.

--At a site with eight enrollees, neither late arrivals and early departures nor long lunches were tolerated.

Other worksites did not promote the development of good work habits because not all the factors we describe on page 10 of this report were present. Also, at 20 worksites with 940 enrollees assigned (15 percent of all enrollees assigned to sites visited), the development of good work habits was not being fostered because none of the factors was present.

Some worksites where the opportunity to develop good work habits was not being provided included the following:

--At one worksite the 20 enrollees reported present were not engaged in useful activity, but were playing games among themselves. The supervisor was absent for half an hour. The enrollees wandered around regardless of whether the supervisor was present. In the afternoon, when attendance was taken, the supervisor assured us that all enrollees were accounted for although we observed only 13 at that time.

--At a site with 39 enrollees where the workday began at 8:00 a.m., most enrollees arrived at 8:30 a.m. Although a supervisor said that enrollees would work until 2:30 p.m., 20 enrollees told us they never worked beyond 1:30 p.m.

--We visited one site assigned 44 enrollees where the supervisor was absent. The enrollees were sitting around or playing basketball. When we returned in the afternoon, the second shift was sitting around talking.

--At a site with 67 enrollees, time and attendance was poorly controlled. Enrollees arrived an hour late but reported the regular starting time on attendance records.

--At a site with 12 enrollees, some wandered from the site without the supervisor taking any action.

--At a maintenance site with eight enrollees, one youth was observed sleeping.

--Upon arriving at a worksite, we saw the supervisor sitting in his car listening to music, while some enrollees were sweeping and raking and others were playing pool. There were 27 enrollees at this site, and 10 were absent. We later determined that 8 of the 10 absent enrollees were paid for this day.

Attendance procedures and payments for absences also affect development of good work habits. Although attendance was usually taken, 45 sites did not do so in a timely manner, and 34 sites had incomplete records. At 101 sites, enrollees were absent when we visited. We later examined payroll records for those sites. At 25 sites, enrollees were paid for this absence; at 71 sites, they were not paid; and at 5 sites, we were unable to determine whether they were paid because of inadequate records.

Supervision also influenced the amount of useful work that enrollees were given. At over half the sites where there was not enough useful work, poor supervision was a contributing factor.

The size of the worksite had some relationship to the development of good work habits. Smaller sites seemed to foster good work habits more often than larger ones. Worksites where all good work habit development factors were present averaged 20 enrollees, compared to an average of 27 enrollees per site for all sites visited. Similarly, sites where all work habit development factors were lacking had an average of 47 enrollees assigned.

As shown in appendix III, about 84 percent of the rural worksites provided opportunities for developing good work habits, whereas only about half of the urban sites did.

Rural sites were smaller, ranging in average size from about 4 enrollees at one sponsor to 10 enrollees at another. Urban sites, on the other hand, ranged in average size from 13 enrollees at one sponsor to as many as 58 at another.

Good work habit development occurred most at sites run by government agencies, whereas poor work habit development occurred most at community-based organizations.

From our discussions with supervisors, we conclude that the supervisors' experience, general understanding of the program's objectives, and awareness of responsibilities significantly influenced development of good work habits. The extent to which we judged these factors favorable at worksites visited is shown below:

| | Percent of favorable results | |
|---|---|---|
| | Good work habit sites | Poor work habit sites |
| Supervisor understands program objectives | 93 | 45 |
| Supervisor experienced or trained in supervisory role | 96 | 35 |
| Supervisor experienced or trained in dealing with youth | 96 | 40 |
| Supervisor aware of responsibilities | 94 | 30 |

Wher. the above factors are classified by total urban sites visited and total rural sites visited, the rural sites had a higher percentage of favorable results for each factor considered.

## WHY THE SUMMER YOUTH PROGRAM HAS NOT BEEN MORE SUCCESSFUL

The problems we observed at worksites resulted from management weaknesses on the part of Labor and the sponsors in assuring that worksites were both designed and operated in a manner that would provide meaningful work. The 1978 SPEDY regulations placed increased emphasis on monitoring responsibilities to assure that any prior abuses would not recur. But regulations alone do not assure that abuses will be corrected.

The new 1978 SPEDY regulations required that prime sponsors, when selecting contractors or subgrantees, consider their capability to provide worthwhile work. Also, through

visits during program operations, sponsors were to determine whether there was enough meaningful work at sites to occupy all enrollees during the hours they were at the site. These requirements were imposed by Labor partly in response to earlier criticism of SPEDY.

All of the sponsors' programs included these requirements. However, based on our worksite observations and review of sponsors' site selection and monitoring practices, we concluded that few sponsors effectively evaluated and monitored proposed and ongoing activities. Labor, for the most part, did not assure that the requirements were met.

Improvements needed in selecting acceptable worksites

SPEDY regulations allow sponsors to enter into subgrants or contracts only with organizations that demonstrate sufficient program capability. Regulations require sponsors, in selecting subgrantees, to consider the organization's ability to provide worthwhile work. The proposed 1978 SPEDY regulations required sponsors to state that all worksites had been evaluated for compliance with program requirements. The final 1978 regulations merely required that sponsors assure that worksites meet requirements.

During the period before site operations begin, sponsors have the opportunity to evaluate the site's proposed activities in terms of their usefulness, enrollment level to support the activities, and adequacy of supervisors to detect and resolve potential problems. Information to allow sponsors to make such evaluations should be contained in worksite proposals or be provided for through the required written agreement with each worksite employer.

Most of the sponsors we visited selected subgrantees in a similar manner. Potential subgrantees (including prior SPEDY work sponsors) were solicited, their proposals were evaluated, and the subgrantees were selected or rejected. Once a subgrantee was selected, a contract or agreement was entered into. Some factors considered in evaluating potential subgrantees included prior year assessments, locations of worksites, and value of the work experience. Names of potential subgrantees were sometimes solicited from community agencies, city council offices, and State and Federal offices. Once selected, the sponsor contracted with subgrantees to provide worksite activities.

The selection of subgrantees or work sponsors, however, had shortcomings, which sometimes precluded the development of good worksites. For example:

--One sponsor, which solicited proposals then developed contracts from them, approved vague and questionable worksite activities. Some contracts included activities different from those originally proposed. And our worksite visits revealed activities different from those included in contracts. Too many enrollees were approved for the work available. A sponsor official conceded that his staff needed to provide earlier technical assistance to subgrantees to prevent these problems. In fact, the sponsor's evaluation noted that agencies requested more enrollees than needed.

--One sponsor did not use a standard worksite agreement for all subgrantees. As a result, agreements between the sponsor and subgrantee did not always provide needed information, such as contingency plans and daily hours of operation.

--One sponsor had staff seek out worksites and obtain information on activities planned, supervision, and enrollees needed. A further indepth review and evaluation of the worksites, recognized as needed by sponsor officials, was not made because of confusion within the sponsor's organization about who was to make such evaluations.

--One rural sponsor accepted marginal worksites because good worksites could not be developed near employees' homes.

Appropriateness of work schedules should also be considered in selecting acceptable worksites. Sponsor work schedules for enrollees determine enrollment levels and, thus, the number of work opportunities and worksites that must be developed. This flexibility in setting work schedules means that more or fewer enrollees can be provided work experience at a given worksite. For example, a worksite might need six enrollees, 8 hours a day, for 5 days a week, to accomplish the work at hand. By limiting the work day to 5 hours, 4 additional enrollees, or a total of 10, might be employed. However, this might affect the amount of work at hand as more enrollees are available during a compressed period of time. If additional enrollees could not be used at the site, another site would have to be developed.

Labor was not effective in assuring adequate sponsor development of worksites. Some Labor regions responsible for sponsors we reviewed did not get involved in evaluating this aspect of program planning. At others, planned or actual evaluations of worksite agreements took place after the program had begun.

Monitoring did not assure that worksites provided meaningful work

Monitoring is important to assure that, during the limited program period, worksites are providing enrollees with meaningful work experience. It can also identify program weaknesses, such as the obvious, basic problems we observed at worksites, so improvements can be made. Monitoring results are essential in developing worksites in future years.

SPEDY regulations require that sponsors' plans describe monitoring procedures to assess both the overall program and the performance of each worksite employer. They also require that sponsors visit a sample of worksites during the first half of the summer program. The worksite visits are to determine whether site activities are the same as described in the worksite agreement, whether there is enough meaningful work to occupy all youths assigned during hours they are at the site, and whether attendance records accurately show time worked. Sites with problems should be revisited. For serious or continuous violations that are not likely to be remedied, worksites should be closed.

Most sponsors' monitoring emphasized compliance with time and attendance and payroll procedures, but did not emphasize qualitative factors, such as enough meaningful work. Some sponsors did not monitor all sites or make as many monitoring visits as planned. Some problems identified were not corrected. For example:

--An urban sponsor's monitoring unit did not visit all sites and made only about one-third of its total planned visits. The monitoring unit noted only a few problems, and few problems that were noted were corrected. Also, the unit did not have a complete list of work locations.

--One sponsor monitored some worksites several times but did not identify the kinds of problems that we found at the same sites. At two sites we noted poor supervision and no meaningful work, but the sponsor, in nine monitoring visits to these sites, criticized only timekeeping activities.

--One sponsor emphasized enrollment and counseling in monitoring but did not consider attendance procedures or the quality of the work experience.

--One sponsor emphasized compliance with child labor laws pertaining to minimum ages for certain occupations but did not provide timely feedback on violations to the SPEDY supervisor.

On the positive side, a rural sponsor did what we considered a good job of monitoring. Preprogram monitoring addressed site conditions, supervisors' qualifications, and potential to provide meaningful work. All sites were visited, and the visits emphasized adequacy and nature of the work.

In recognition of the major program emphasis on monitoring worksites and developing meaningful work tasks, Labor instructed its regional administrators to insure that each prime sponsor was monitored at least three times. At least two of the monitoring visits were to be made when enrollees were present at worksites. An onsite review monitoring guide was issued to regional administrators on July 21, 1978. It included a series of compliance standards and suggested monitoring methodologies. Areas addressed included coordination with other CETA programs, selection of participants, eligibility, worksites, and sponsor monitoring.

The use of this guide was optional, but regions were expected to have a structured monitoring procedure.

As a result of monitoring at sponsors (and through other means, such as complaints and audit findings), Labor, after notice and opportunity for public hearing, can withhold further payment and request return of unexpended funds from sponsors failing to carry out the purposes and provisions of the act (29 U.S.C. 818(d)).

At sponsors we visited, Labor's monitoring activities were limited. In some cases Labor relied on sponsors' monitoring. According to Labor regional representatives, the problem was caused by a lack of personnel. Examples of Labor monitoring at sponsors we visited included the following:

--Regarding the one prime sponsor we visited, a regional official told us that Labor made only 14 worksite visits, reviewed worksite agreements and applications, and reviewed about 150 SPEDY applications. This sponsor had about 1,800 worksites.

--According to an official from another region, Labor visited one sponsor in our review twice, inquiring into eligibility and visiting a worksite. Labor did not visit the other sponsor we reviewed; instead it relied on the sponsor's monitoring.

--One region emphasized administrative aspects (eligibility, enrollee files, and plans). Labor regional officials said they visited seven worksites at one sponsor in our review, increasing monitoring efforts partially because of our presence. The sponsor had 163 worksites. At the other sponsor we visited, the regional representatives monitored on two occasions, covering 30 sites in 4 days. During the visits worksite agreements and sponsor monitoring reports were reviewed. The regional administrator agreed that Labor's monitoring visits were not in depth. He said that Labor's resources for monitoring the program are too limited to allow for effective oversight.

--At a region where we visited two sponsors, regional officials told us they do not have enough resources to do extensive monitoring so they try to determine if the sponsor has a monitoring system. They acknowledged the weaknesses we found in the sponsors' monitoring.

Labor's ability to effectively monitor sponsors' activities was also affected by late guidance on program planning. Labor issued final program regulations after all the sponsors had begun recruiting activities. Six of the seven sponsors we visited had begun recruiting and selecting enrollees before their plans describing these activities were submitted to the cognizant Labor regional office for approval. Thus, Labor was not able to determine whether sponsors' recruiting and selection plans were acceptable until after these activities had begun. At one of the six sponsors, parochial school students' opportunities to participate were limited because of a misunderstanding about who was responsible for their applications. The sponsor made some attempt to correct the problem, but efforts were ineffective because of school closing.

We do not believe that Labor's monitoring is sufficient to enable it to meaningfully assess sponsor performance and provide a basis for applying financial sanctions against sponsors that do not comply with the act or regulations.

## CHAPTER 3

## IMPROVEMENTS NEEDED IN HOW PROGRAMS ARE FUNDED

The Department of Labor's method of allocating SPEDY funds to prime sponsors did not directly relate to the eligible populations' needs or consider sponsors' past performance in meeting program goals. In following funding procedures established in SPEDY regulations, Labor has generally sustained sponsors' relative funding levels from year to year, rather than allocating funds based on economic needs data. As a result, based on such data, many sponsors may have received less than an equitable share of the national funds, while some (generally urban sponsors) may have received more. Our analysis of worksite performance also suggests that funding levels may have affected program quality, especially in urban areas.

### FUNDING TO SPONSORS IS NOT CLOSELY LINKED TO NEEDS

The Department of Labor's allocation of funds to prime sponsors did not reflect the relative needs of the disadvantaged youth populations in the sponsors' areas. Labor followed a practice of keeping prime sponsors' enrollment levels the same from year to year. As a result, based on economic needs data, many prime sponsors received less than an equitable share of national funds, while others received more.

Funding the 1978 SPEDY was a two-step process. In the first step, a formula was used to develop allocations based partly on indicators of economic need. However, in the second step, Labor adjusted the formula amount, in effect overriding the formula, so that each sponsor, regardless of relative need, received enough funds to provide the same number of jobs as in the prior year's program. Since the adjustment considered the minimum wage increase, all sponsors received SPEDY funding increases. As a result of the adjustment, some sponsors received more funds than they would have under the formula (the first step), while many received less. Generally, Labor's funding practice favored urban sponsors at the expense of others.

The funding methodology for the 1978 and prior SPEDY programs had been provided for in SPEDY regulations prepared by Labor. However, the methodology, in basically the same form, is now incorporated in legislation as a result of the CETA Amendments of 1978. Thus, remedying problems in the funding process will require legislative action.

Provisions of the formula

In the absence of a legislatively mandated method of allocating funds, Labor's SPEDY regulations established a formula for allocating funds to prime sponsors which closely paralleled the formula CETA mandated for the comprehensive employment and training services program. 1/

Specifically, funds were to be allocated as follows:

--50 percent based on each prime sponsor's proportion of funds allocated the previous year,

--37-1/2 percent based on the ratio of the annual average number of unemployed persons in the sponsor's area to the national total, and

--12-1/2 percent based on the ratio of the number of persons in low-income families (less than $10,000) in the sponsor's area to the national total.

Although the SPEDY formula contains elements that measure an area's economic needs, those elements are not necessarily representative of the eligible 14- through 21-year-old youth population.

However, developing a formula that more fully considers the needs of the target population will require a concerted effort by Labor. Data that would enhance targeting--youth unemployment rates and numbers of disadvantaged youths--are not readily or consistently available at local levels.

The Congress, in 1976, established the National Commission on Employment and Unemployment Statistics, making it responsible for evaluating and making recommendations to the Congress and the President about the Nation's needs for employment and unemployment statistics. The Commission has numerous studies underway to support future recommendations. It is hoped that in the near future, the Commission's work will result in better data for use in allocating Federal funds to SPEDY as well as other Federal assistance programs.

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1/Before the CETA Amendments of 1978, this program was authorized by title I of CETA; now it is authorized by title II of CETA.

## Office of Management and Budget concerns on SPEDY funds distribution

The Office of Management and Budget (OMB) also recognized deficiencies in the method of allocating SPEDY funds and specifically requested Labor to provide alternatives to improve fund allocation. This request was made in a January 31, 1978, OMB letter to the Secretary of Labor, which set forth 1978 and 1979 budget levels. Specifically, the letter requested Labor to submit alternative allocation formulas to OMB by February 10, 1978.

OMB needed the analysis of alternative allocation formulas by February to influence the 1978 fund allocations. An OMB official told us that OMB needed Labor's input to consider improved methods of allocating funds because Labor had the resources, including a computer-based model, to analyze the effect various alternatives would have. However, Labor did not furnish the alternatives as requested. Instead, it informed OMB that it had considered alternative allocation methods on its own and had decided that no change was warranted. Labor also made public planned fiscal year 1978 SPEDY allocations in late February. The allocation formula was published in final regulations dated May 19, 1978.

OMB also wanted to find a better way to allocate SPEDY funds, which could be considered during deliberations on the CETA Amendments of 1978. To consider alternative allocation methods and make pertinent recommendations to the Congress, OMB needed to receive the requested information by April 1978 at the latest.

The administration's bill (H.R. 11086 and S. 2570), introduced in the House and the Senate on February 22 and 23, 1978, respectively, contained a modified version of that provision in the 1978 SPEDY regulations which required that previous prime sponsors receive enough funds to support the same number of job positions as in the prior year. This provision was modified only in that the prime sponsor would have the same level of funds rather than the same number of job positions. The bill's allocation formula was basically the same as that in the 1978 SPEDY regulations. The bill's allocation formula differed from the SPEDY regulation formula only in that it considered the total number of adults, rather than the total number of people, in low-income families.

The allocation provisions of the bill are identical to those in the act (CETA Amendments of 1978, Public Law 95-524, Oct. 27, 1978).

## Overriding the formula

The 1978 SPEDY regulations contained a provision overriding the formula by requiring (to the extent that funds were available) the Secretary of Labor to allocate to each prime sponsor enough funds to provide at least the same number of enrollee positions as in the 1977 program. This provision insured all 1978 SPEDY sponsors an increase in program funding regardless of relative need primarily to compensate for the increase in the minimum wage from $2.30 to $2.65 an hour.

A similar provision in the CETA Amendments of 1978 provides that the allocation be at least equal to the funds (rather than the number of enrollee positions as stipulated in the SPEDY regulations) available in the previous year's summer program. When mandated minimum wage increases are considered, this change may allow for gradually reducing the number of enrollee positions.

Both the SPEDY regulation and CETA formula override provisions, however, differ from a similar feature in effect for the CETA comprehensive employment and training services program. In that program, allocations could be reduced by as much as 10 percent from the prior year's level to reflect a decline in relative need and to align actual allocations with the formula based amount.

## Inequitable distribution of funds

Based on economic needs data, Labor's funding of SPEDY programs resulted in an inequitable distribution of funds. In bypassing the SPEDY allocation formula to assure that prime sponsors could offer at least the same number of enrollee positions as in the previous year, Labor provided some sponsors more funds than would have been provided under the formula. Conversely, many sponsors received less.

Comparing Labor's allocations to prime sponsors with the amount that would have been provided using the formula shows that 140 sponsors received up to 70 percent more than the formula amount at the expense of 257 sponsors that received as much as 48 percent less than the formula would have provided. Fifty sponsors received precisely the formula amount.

The urban areas generally benefited at the expense of other areas. For example, Chicago's and Newark's allocations were 41 and 30 percent, respectively, above the formula amount, whereas Ulster County, New York's allocation was 44 percent below the formula amount.

The difference between the formula amount and the amount of SPEDY funds actually allocated to sponsors has resulted from application of the override provision. The SPEDY funding practice is unlike that in the comprehensive employment and training services program, where the 10-percent funding cutback provision has resulted in aligning funding levels with formula amounts. The difference between the two programs' funding practices is demonstrated in the Chicago and Newark programs. Those sponsors have received decreasing amounts of comprehensive employment and training services program funds, but increasing amounts of SPEDY funds, during the past 4 years.

Further inequities are apparent when you determine the impact of the part of the funding formula that allocates 50 percent of the funds based on each prime sponsor's proportion of funds allocated the previous year on the formula amount. For example, Chicago's and Newark's allocations were 72 and 89 percent, respectively, greater than a funding level that would be based only on the unemployment and low-income populations, while Ulster's was 61 percent less. Discrepancies in the distribution of SPEDY funds are further demonstrated when 1978 allocations to Ulster and a Midwest city not included in our review (Gary, Indiana) are compared. Although both locations had comparable numbers of unemployed and low-income persons, Ulster was allocated about $264,000 while Gary received about $3.7 million.

The preceding analysis merely shows inequities in how Labor funded SPEDY prime sponsors. It does not consider the ability of sponsors benefiting from Labor's funding practices to effectively use these funds.

## SPONSOR PROGRAM QUALITY IS NOT A FACTOR IN FUNDING

Labor does not consider sponsors' past program performance in allocating funds. In fact, our review at the seven locations suggests that Labor can influence program quality by providing sponsors more funds than they can effectively use. The amount of funds a sponsor is allocated is the primary determinant of the number of youths that can be employed and the number of jobs that must be developed.

Our visits to worksites suggest a relationship between enrollment levels and worksite quality. As discussed in chapter 2, our site visits showed that urban sponsors were less able to provide useful work and supervision to enrollees.

The sites visited at two urban sponsors funded at levels substantially higher than the amount the SPEDY formula would have allocated provided a lower percentage of enrollees with a meaningful work experience than most of the other sponsors. These problems may have partly resulted from higher enrollments supported by the greater amount of funds Labor allocated.

## CHAPTER 4

## IMPROVEMENTS NEEDED IN DIRECTING SPEDY AT THOSE MOST IN NEED

Sponsors were providing services to economically disadvantaged youths on an equitable basis, considering the geographic distribution of these youths throughout their jurisdictions. However, in identifying and recruiting economically disadvantaged youths, their efforts were not always targeted at those most in need of SPEDY services. Recruiting efforts were directed mainly at the general in-school population; only limited efforts were made to reach those identified in SPEDY regulations for particular emphasis: dropouts, potential dropouts, and in-schoolers facing significant barriers to employment.

Generally, application periods were adequate, and applications were readily available. In some cases, application periods were extended to reach enrollment goals. This was partly caused by the late receipt of supplemental SPEDY funds.

In establishing eligibility, sponsors had different practices for verifying eligibility information, especially family income. Family income is used to establish that youths are economically disadvantaged. The family income criteria were sometimes based on outdated information because of Labor's delay in providing updated information before sponsors began determining eligibility.

Most job assignments considered the youth's interest. In some cases selection procedures differed among sponsors. Some procedures did not always provide for equal opportunity for selection.

### PROCEDURES FOR RECRUITING AND SELECTING ENROLLEES NEED TO BE MORE CLOSELY LINKED TO PROGRAM OBJECTIVES

SPEDY regulations governing program operations require that sponsors (1) provide services equitably considering geographic distribution of economically disadvantaged youths, (2) provide services to economically disadvantaged youths most in need, (3) give special consideration to eligible veterans, (4) develop outreach and recruiting techniques aimed at all segments of the economically disadvantaged youth population, especially school dropouts, potential dropouts, and

in-schoolers with problems, and (5) ensure that enrollee applications are widely available and that jobs are awarded equitably.

Sponsors targeted their programs to economically disadvantaged youths throughout their areas. However, sponsors and their subgrantees did little to identify groups among the economically disadvantaged population that SPEDY regulations singled out for special consideration.

At the locations we visited, the program sponsors, or their subgrantees, generally did not operate their recruiting and selection process in a manner that would assure that all eligible youths in the locality, especially those targeted in SPEDY regulations, would have an equal chance of participating in the program. Most enrollees were students, rather than unemployed youths who had dropped out of school. Furthermore, the sponsors' in-school recruiting efforts involved little specific outreach to youths likely to drop out.

Sponsors' plans provided for equitable distribution of activity throughout their areas

Labor's SPEDY regulations require that sponsors' services be provided on an equitable basis, considering the geographic distribution of economically disadvantaged youths within their jurisdictions.

In the locations we visited, the program was generally targeted to economically disadvantaged youths throughout the sponsors' areas. For example:

--In one large urban location, enrollee positions for particular worksites were allocated to the 15 city councilman districts, based upon a proportional youth poverty formula determined by the city.

--At one rural location, enrollee positions were equitably targeted to each of nine legislative districts in the county. However, at another rural location, SPEDY funds were allocated to counties using inaccurate statistics on the number of poor youths. As a result, some counties got too little funding and some got too much.

Significant segments identified in sponsor plans not related to employment problems

Labor requires sponsors to identify in their SPEDY plans significant population segments to be served and to describe the rationale for selecting them. Regulations governing all CETA programs define "significant segments" as

> "Those groups of people to be characterized, if appropriate by racial or ethnic, sex, age, occupational or veteran status, which causes them to generally experience unusual difficulty in obtaining employment and who are most in need of the service provided by the Act. Other descriptive categories may be used to define a significant segment, if appropriate."

In addition, SPEDY regulations require that efforts be directed at all segments of the economically disadvantaged youth population, especially school dropouts, potential dropouts, and in-schoolers likely to be confronted with significant employment barriers relating to work attitude, aptitude, social adjustment, and other factors.

At locations we visited, target groups to be served or significant segments identified in SPEDY plans to receive services varied. These segments were generally identified on the basis of prior SPEDY experience, rather than on particular employment problems or service needs.

The sponsors identified in their SPEDY plans such enrollee demographic characteristics as sex, age, race, school status, and handicap as significant segments to be served by SPEDY. However, data on the universe and types of persons most in need of SPEDY services were generally not provided. For example, the number of dropout, dropout-prone, and unemployed out-of-school youths was generally not included in the target group information in the sponsors' SPEDY plans.

Labor reports that in 1978, nationwide, 87 percent of the enrollees were students, 7 percent completed high school and were not attending school, and 6 percent were high school dropouts. Also, 38 percent of the enrollees were 14 or 15 years old.

At the sponsors we reviewed, available reports indicated that about 93 percent of the enrollees were students, ranging

from about 88 percent at one sponsor to about 97 percent at another. Available information indicated that the portion of enrollees who completed high school and were not attending school ranged from about 1 percent at one sponsor to about 7 percent at another.

Dropouts reported by the sponsors we visited were almost 3 percent of all enrollees. The percentage of dropouts at rural sponsors (about 6 percent) was greater than at urban sponsors (about 3 percent). The portion of enrollees who were dropouts at urban sponsors ranged from less than 1 percent to almost 4 percent. At rural sponsors it ranged from about 2 percent to about 7 percent. Enrollees in the 14- to 15-year-old category at sponsors we reviewed were about 35 percent, ranging from about 70 percent at one rural sponsor to about 25 percent at another rural sponsor. Although rural sponsors generally had more enrollees in that age group, two urban sponsors had about half their enrollees in that group.

Labor's studies of SPEDY also commented on the sponsors' approach to targeting. In one study researchers pointed out that, in the 51 grant applications they reviewed, most program plans fail to specify the number of in-school and out-of-school youths to be served. Furthermore, the researchers found that few sponsors differentiate eligible youth by age, school status, or other characteristics such as mental or physical handicaps and that fewer set specific quantitative targets for subgroups. Another study noted that the program was heavily aimed at youths in school. Yet another study recommended emphasizing the importance of recruiting dropouts and taking steps to facilitate that process.

SPEDY regulations require that the prime sponsors coordinate their SPEDY plan with their plans for other CETA youth programs. In addition, sponsors are required to include narratives on strategies for enhancing employment potential and describe how the strategy relates to and is coordinated with other CETA programs.

Although some sponsors we visited had specific arrangements to include other CETA youth program enrollees in SPEDY, the number of such enrollees was generally insignificant compared to the total SPEDY enrollment.

Other CETA youth programs include Youth Incentive Entitlement Pilot Projects (year-round part-time employment to

encourage youths to obtain a high school diploma), Youth Community Conservation and Improvement Projects (for unemployed youths), Youth Employment and Training Programs (to help youths complete school and/or obtain unsubsidized employment), Job Corps, and Young Adult Conservation Corps. Also, the CETA comprehensive employment and training services program includes many youths.

One large urban sponsor planned to either enroll or provide services under the 1978 SPEDY to youths participating in the other CETA youth programs. However, another large urban sponsor's 1978 SPEDY had no such links, other than providing youths with information about other CETA programs.

One rural sponsor official told us that SPEDY was not coordinated with other CETA employment and training programs because it was perceived as primarily a work experience and income maintenance program.

The lack of such links was also the subject of several Labor studies of the 1978 SPEDY. One study noted a lack of planned coordination with title I of CETA. Interprogram transfers or concurrent enrollments were very limited. Most sponsors continued to view SPEDY as a short-term, work experience program principally for in-school youths that was unrelated to other program activities. Another study concluded that SPEDY is basically a separate entity, almost always administered independently of CETA title I. Yet another study based on sponsor plans concluded that SPEDY had very weak links with other CETA programs, particularly programs to move out-of-school enrollees into unsubsidized employment. Once the summer program ended, all SPEDY enrollees were assumed to be returning to school. The out-of-schoolers were generally not assisted in finding other employment, and few attempts were made to place them in other employment and training programs.

## Outreach and recruiting were timely and well publicized although not always directed at populations emphasized in SPEDY regulations

SPEDY regulations require that sponsors develop outreach and recruiting techniques aimed at all segments of the economically disadvantaged youth population, especially school dropouts, youths not likely to return to school without SPEDY assistance, and in-school youths confronted with significant employment barriers. In addition, sponsors are required to report separately the number of Hispanic-American clients served.

At most locations we visited, recruiting efforts were timely and SPEDY was well publicized. However, the recruiting emphasis was on in-school youths, and efforts to attract out-of-school youths and Hispanic-Americans were generally limited. In addition, some of the sponsors had difficulty in meeting enrollment goals.

## Sponsors did not aggressively recruit all target groups

Besides identifying significant population segments, SPEDY regulations require that sponsors develop outreach and recruiting efforts targeted to all segments of the economically disadvantaged youth population, especially school dropouts, those not likely to return to school without program assistance, and in-school youths facing significant employment barriers relating to work attitude, aptitude, social adjustment, and similar factors.

The program was widely publicized. All seven sponsors used notices at community locations, newspaper announcements, and schools to disseminate information on the program. Most sponsors also used television, radio, and the local employment service to reach area residents.

Publicity aimed at in-school youths appeared to be the most intensive. Schools publicized the program and made applications available at a central location, usually the guidance office. In-school recruiting efforts, however, generally aimed at the general student body and did little to focus on dropout-prone youths or those facing possible employment barriers.

We asked enrollees how they first heard about SPEDY. Over 70 percent learned of SPEDY in school and from friends and relatives. Only about 2 percent first learned of the program through media announcements or at the local employment service office.

Special efforts to recruit out-of-school youths were limited. Only two rural sponsors attempted publicity channels other than through the media, community-based organizations, and employment service offices. Both mailed letters about the program to welfare recipients, and one also mailed announcements to recent high school dropouts.

For one urban sponsor, community-based organizations were responsible for recruiting out-of-school youths in their areas

but did not actively seek applications from them. Program publicity for this sponsor generally did not state where applications could be obtained.

For a rural sponsor, officials in charge of recruitment and selection at two employment service offices were not aware that out-of-school youths were eligible. In addition, media publicity was late, limited, and only in English, despite a large Hispanic-American target population.

Two of the three urban sponsors with large Hispanic-American enrollments in 1977 failed to publicize their programs in Spanish.

As previously stated, most sponsors' enrollees were attending school, over one-third were 14 or 15 years old, and only a small percentage were high school dropouts.

Usually applications were easily available and the application period was adequate

At most locations visited, applications were widely available. At one sponsor, public schools made class time available for students to complete and submit applications. Sponsors usually accepted applications for at least a month and often for 2 months. Three of the seven sponsors extended application periods because of low enrollment.

On June 9, 1978, Labor allocated $63 million in supplemental funds nationwide for the 1978 SPEDY. These funds were provided by legislation (Public Law 95-284) signed May 21, 1978, and, according to Labor, were to provide more than 93,000 additional summer jobs for economically disadvantaged youths. Labor distributed these funds without considering sponsors' ability to absorb the additional funding.

Because of their late receipt of supplemental funds, sponsors extended recruiting to get more enrollees to fill the additional positions made available. One sponsor already experiencing enrollment difficulties was strained to obtain more enrollees but, by extending the enrollment period about 1 month, was able to meet its goal 2 working days before the program began. Another sponsor that received added funds was not able to meet increased enrollment goals until the third week of the program.

One urban sponsor that received about $1 million in supplemental funding estimated that $1.5 million of its funds available for 1978 SPEDY will be unexpended as of December 31, 1978. This sponsor also carried over about $99,000 in program funds from 1977 to 1978. Such carryovers are not unusual. In fact, all but 66 of the 447 prime sponsors carried over some 1977 funds into 1978. And 97 carried over at least 10 percent of the prior year's funding.

## Differing verification procedures and eligibility criteria used in determining eligibility for SPEDY

SPEDY regulations establish that persons must be economically disadvantaged and a certain age to be eligible for participation. They also require sponsors to describe their process for determining eligibility, including verification methods used. Procedures for verifying that persons were economically disadvantaged differed among sponsors.

The sponsors we visited also used different eligibility criteria, because Labor was late in providing (1) the 1978 SPEDY regulations, which define eligibility and permit the use of two different family income criteria for economically disadvantaged, and (2) the latest family income criteria.

### Income data not always verified

SPEDY regulations require sponsors to explain in their plans the process for determining eligibility and the verification methods to be used. But Labor does not specify any particular verification methods.

At the locations visited, sponsors used information provided on SPEDY applications or otherwise obtained during the intake process to determine eligibility. However, the extent to which this information was verified differed. Four sponsors required evidence to support family income or verified welfare status, where applicable; however, one sponsor's subgrantees did not always do this. One sponsor tested data on about 10 percent of the applications after the program began, but the results were not complete. Two sponsors visited did not verify any eligibility information, although a subgrantee of one of them did.

Labor did not specify procedures to be followed in verifying the accuracy of information on applications.

Over the past 4 years, Labor internal auditors have issued many audit reports disclosing significant numbers of ineligible SPEDY participants. Also, a recent report of the Labor internal auditors on the CETA public service employment eligibility determination systems of prime sponsors showed that about 10 percent of program participants were ineligible. Thus, more effective prime sponsor eligibility determination systems are apparently needed.

The CETA Amendments of 1978 require Labor, before approving any future plans, to ensure that prime sponsors have demonstrated a recognizable, proven method of verifying eligibility of all CETA participants. Labor may require that the method be modified or that specific procedures be adopted when necessary. Labor is also required to develop, and inform prime sponsors of, recognizable penalties to be applied when any participant is found to be ineligible.

Differing criteria for determining whether youths were economically disadvantaged

SPEDY regulations for the 1978 program required that, to be eligible for SPEDY, a person must be

--economically disadvantaged,

--14 to 21 years old when beginning participation, and

--a U.S. citizen or resident alien.

Youths were considered economically disadvantaged if they were a member of a family (1) which receives cash welfare payments under a Federal, State, or local welfare program or (2) whose total annual income in relation to family size does not exceed the higher of the poverty level determined in accordance with Office of Management and Budget criteria or 70 percent of the Bureau of Labor Statistics (BLS) lower living standard income level.

In the 1977 program, only the OMB poverty level was used in determining total family income.

The CETA Amendments of 1978 now define an eligible youth for the summer youth program as an economically disadvantaged youth who is (1) either unemployed, underemployed, or in school and (2) either age 16 to 21 inclusive or, if authorized under Labor regulations, age 14 to 15 inclusive.

Seventy percent of the BLS lower living standard income level is usually higher than the OMB poverty level. Consequently, using the 70-percent figure increased the number of youths eligible for the 1978 program. In addition, the lower living standard income level reflects geographic differences in the cost of living, while the OMB poverty level, which includes one amount for farm families and another for nonfarm families, is the same throughout the contiguous United States. Both the OMB and BLS levels are adjusted for family size.

For the 1978 SPEDY program at the sponsors we reviewed, the OMB poverty level for a four-person family was $5,270 for a farm family and $6,200 for a nonfarm family; the comparable BLS 70-percent figure ranged from $7,240 at one rural sponsor to $7,810 at one urban sponsor. Both income criteria are adjusted annually to reflect changes in the Consumer Price Index.

For the 1978 SPEDY, Labor was late in formally notifying sponsors of the current level of the two criteria and of the sponsors' option of using either level. None of the sponsors were formally notified of the new levels until after they began determining enrollee eligibility. One sponsor, which began eligibility determination on May 1, did not get information from Labor showing the up-to-date BLS criteria until June 28. Several other sponsors obtained income criteria from other sources before being formally notified by Labor. For example, one sponsor, which began determining enrollee eligibility in March, obtained BLS data from Labor by telephone in June. Labor did not formally furnish the data to this sponsor until August.

The impact of this late notification varied among sponsors we visited because of the different ways sponsors used the income criteria. Two sponsors visited used the generally lower OMB criteria because they wanted to get the poorest youths into the program. One of them used the 1977 OMB criteria because the 1978 criteria were not yet available.

One sponsor used the 1977 BLS income standard for the 1978 program because it believed that the higher of BLS or OMB should be used, while others apparently considered BLS only as a ceiling in establishing family income criteria.

At two sponsors the late criteria resulted in an increased administrative burden. They used the 1977 BLS income standard and later redetermined eligibility using the 1978 BLS income standard.

At a rural sponsor some locations had a limited number of applicants, and not all positions were filled. The sponsor used the 1977 BLS income standard but did not redetermine eligibility using the more liberal 1978 BLS standard.

## Little uniformity in how applicants were selected

After determining which youths were eligible for the program, sponsors then had to select applicants for jobs. SPEDY regulations required that jobs be awarded equitably. In practice, eligible applicants were selected for jobs in many different ways, ranging from a random lottery selection to preselection by work sponsors.

At the sponsors we visited, some selection practices provided for all eligibles being considered for jobs, while others did not.

At four of seven sponsors a lottery, or first-come-first-served basis, was usually established. Two of the four did set some selection priority, such as giving preference to welfare recipients or title I enrollees. One also excluded high school graduates.

Two other sponsors had varying selection procedures because these activities were carried out differently by their subgrantees. At one sponsor, two of three subgrantees we visited accepted enrollees on a first-come-first-served basis. The other subgrantee allowed worksite operators to select enrollees as they chose, which sometimes resulted in selection based on knowledge of the applicant or his family. Another sponsor allowed some worksite operators to preselect up to half their enrollees, with the rest selected randomly. Two other subgrantees were allowed to select as they chose, and they generally did this equitably. One rural sponsor permitted worksites to select from eligible applicants referred to them and also to request specific enrollees.

## Youths' interests were usually considered in assigning them to jobs

At the sponsors we visited, enrollee interests were usually considered, where possible, in worksite assignments.

Once applicants are selected, they are assigned to worksites where they are to receive work experience. The procedure for assigning enrollees to worksites varied. One sponsor had a highly centralized system that used computer lists

of enrollees' interests and location preferences. For several other sponsors, the enrollees applied at the worksites.

At several sponsors, different assignment methods were used, depending on the type of jobs offered or the subgrantee operating a program. For example, at one large urban sponsor, about half of the youths could select the job they wanted by applying directly to the subgrantee, while the other half were assigned somewhat randomly considering such factors as location. In general, there was an effort to match jobs to enrollees' interests.

We asked enrollees whether they were doing the type of work they asked for. About 70 percent said they were, about 29 percent said they were not, and the rest did not answer.

## CHAPTER 5

## CONCLUSIONS AND RECOMMENDATIONS

### CONCLUSIONS

The Department of Labor's Summer Program for Economically Disadvantaged Youth is the largest of several programs established by the Congress to provide employment services to youths. SPEDY has an admirable objective to provide youths meaningful work tasks and training to develop their skills and enhance their future employability. But, to be an effective tool to combat the high unemployment rate among disadvantaged youths, particularly inner-city minorities, the program must maintain congressional and public confidence that it is being carried out effectively and as economically as possible.

However, the 1978 SPEDY often did little to provide enrollees with meaningful work experience. Rural sponsors in our review operated generally effective programs, but only about one youth in four at the urban sites visited was exposed to an environment that reasonably resembled the real world of work. The summer youth program in urban areas has apparently not progressed much further than its predecessor, the Neighborhood Youth Corps, which was criticized for being little more than an income maintenance program.

Labor's efforts to assure that State and local governments were operating quality programs were not very successful. Although Labor strengthened regulations, its regional offices did not effectively monitor sponsors to assure that they fulfilled program requirements. The regulations, while providing a framework for operations, do not provide specific guidance to sponsors on how to assess the quality of worksite experience--the core of the program. Prime sponsors also share a large responsibility, as they are directly responsible for managing their programs.

The SPEDY experience for most enrollees at the urban locations visited was not meaningful because the worksites did not provide enough useful work or an environment for developing good work habits, two factors that we consider necessary for a work experience to meet SPEDY objectives. The program's purpose is defeated when youths are paid for doing little or no work or for playing games or when they are paid even though they were late or absent. Poor work habits that are learned or reinforced will offset any benefits received.

Although the immediate causes of problems we observed were too many enrollees or poor supervision, the ultimate responsibility for such shortcomings rests with the sponsors' and Labor's management. Many of the problems should have been prevented by effective selection of worksites or detected by effective monitoring of worksite activities.

Labor's method of funding sponsors, now incorporated in legislation governing SPEDY, may have contributed to worksite quality problems and precluded funds from being allocated equitably. In funding programs, Labor sought to at least maintain the number of enrollee positions a sponsor could offer from year to year without directly considering the needs of the eligible population or the ability of the sponsors to absorb and effectively use the funds.

The funding practices generally provided urban sponsors a greater relative share of the national funds than they would have received under the allocation formula. In addition, the funding procedures do not provide for gradually reducing annual allocations to bring them closer to formula amounts, a feature that is included in the funding procedures for the comprehensive employment and training services program. The funding practices may have generated programs too large to provide enough meaningful work.

In addition, the program may not be serving those most in need of SPEDY services. Although regulations require that emphasis be given to school dropouts, potential dropouts, and others facing employment barriers, most of the sponsors targeted the program to the general in-school population. Participation by out-of-school youths in the program was minimal. In addition, there was significant enrollment of 14- and 15-year-olds, who are seemingly less in need of job preparedness than older youths. Further, sponsors' methods of assuring that only eligible youths were enrolled were varied and sometimes limited.

## RECOMMENDATIONS TO THE CONGRESS

There are inevitable problems associated with effective administration of a program which has grown as rapidly as the summer youth program. Consequently, we recommend that the Congress, before considering any expansion of the program, assure itself that the Department of Labor has taken effective corrective actions to improve the quality of the program.

We recognize that inflation and minimum wage rates increase program costs over time. However, based on the observations of our current study, the program as presently operated is generally not giving many youths the type of work experience they need to increase future employability. This is especially true in urban areas. We believe the fiscal year 1978 funding levels are more than sufficient to continue program operations until Labor (1) provides specific guidance to sponsors on how to assess the quality of worksite experience, (2) establishes an effective means of determining whether sponsors are providing meaningful work to enrollees and meeting other program requirements, and (3) develops and proposes to the Congress funding procedures that more adequately consider the needs of the eligible youths and allocate funds to sponsors based on demonstrated success in providing meaningful work.

In the interim, the Congress should consider amending the Comprehensive Employment and Training Act provision for allocating summer youth funds to provide funding procedures similar to those in the act for comprehensive employment and training services programs. The latter funding procedures provide for gradually adjusting annual allocations to bring them closer to formula amounts.

## RECOMMENDATIONS TO THE SECRETARY OF LABOR

We recommend that the Secretary of Labor

--provide sponsors with specific guidance on how to assess the quality of worksite experiences, including developing models of work settings that provide the opportunity to develop good work habits and identifying and prohibiting activities that bear no relationship to real work;

--take effective action (1) to improve regional office monitoring of the program to assure that sponsors develop and operate programs that provide meaningful work and (2) to withhold funds from sponsors that have not developed programs meeting requirements;

--develop and propose to the Congress funding procedures that more equitably distribute program funds to the eligible population while also considering sponsors' demonstrated success in past summer youth programs;

--take effective action to assure that sponsors recruit and increase the participation of out-of-school and other youths who are most in need of program employment and training services; and

--require sponsors to obtain from applicants adequate evidence supporting eligibility and to verify eligibility.

## AGENCY COMMENTS

To meet the reporting deadline established by the Senate Committee on the Budget, we requested that Department of Labor officials meet with us to discuss a draft of this report. The Department's view was that a position regarding the report could not be developed in the very short time frame allowed. As a result, formal Labor Department comments were not considered in the preparation of this report. At the conclusion of our fieldwork, however, we did meet with officials of the Labor regional offices and prime sponsors involved. Their views were considered in the preparation of the report.

## CHAPTER 6

## SCOPE OF REVIEW

We evaluated the effectiveness of the 1978 summer youth program in providing a meaningful work experience and targeting to disadvantaged areas and groups. The 1978 program was authorized under section 304 of CETA, as amended; the 1978 CETA Amendments now authorize the program under section 481.

We reviewed the legislative history; Department of Labor regulations, policies, and operating procedures; funding and performance data; and evaluation studies related to the summer youth program. Fieldwork was done primarily at Labor's regional offices in Boston, New York, Chicago, and San Francisco and at seven sponsors. Although sponsors' program periods varied, our fieldwork generally covered their activities during March through September 1978.

We selected sponsors of various sizes located across the country. Sponsors reviewed included.

--two large cities (Chicago and Los Angeles);

--two medium-size cities (Newark, New Jersey, and New Haven, Connecticut); and

--three rural areas (Central Arizona Association of Governments (CAAG); Tri-Town, Rhode Island; and Ulster County, New York).

Chicago, Los Angeles, Newark, and Ulster County are prime sponsors, receiving funds directly from Labor. Chicago operated its program through seven subgrantees. We reviewed activities at worksites operated by three of these. In Los Angeles, we visited worksites operated by the city and two of its five subgrantees. Newark operated worksites directly and through one subgrantee. We visited only city-operated worksites, since these represented more than 90 percent of the total enrollment. In Ulster, we reviewed the activities of the sole subgrantee responsible for all program operations.

New Haven is the largest of a combination of local government units that make up the New Haven Consortium prime sponsor. We selected only New Haven for review to concentrate our efforts on an urban location.

The Central Arizona Association of Governments and Tri-Town are each a regional group of local governments and are subgrantees of their State prime sponsor. We selected CAAG and Tri-Town only in order to limit our work to specific rural locations.

In this report we refer to all seven locations reviewed as "sponsors."

At the sponsors visited, we interviewed sponsor and subgrantee/work-sponsor representatives, examined sponsors' plans to implement the 1978 SPEDY, reviewed enrollee recruiting and application processes, and selectively checked the sponsors' eligibility determination procedures.

To determine what SPEDY enrollees were doing and whether worksites provided meaningful work experience, we visited selected SPEDY worksites of the sponsors in our review. Some of these sites were operated directly by the sponsors, while others were operated by organizations under agreement with sponsors.

The worksites visited were selected to provide a variety of work experiences (according to worksite plans) and to include different types of worksite operators, including government agencies, community-based organizations, civic or religious groups, and other nonprofit organizations.

Our visits to worksites, which were usually unannounced, included indepth interviews with supervisors and enrollees. Whenever possible we visited sites at starting times to observe attendance procedures. We recorded our worksite observations using pro-forma data collection instruments to insure consistent evaluation results. Our interviews were also recorded on pro-forma documents. We used automatic data processing techniques to tabulate and analyze the results.

We visited 230 worksites (173 urban and 57 rural) and talked with 224 supervisors and 1,008 enrollees. The numbers of worksites visited and enrollees interviewed compared to all worksites and their enrollment for each sponsor in our review are shown on the following page.

| Sponsor | Worksites Total | Worksites Visited | Enrollee universe | Sites visited: Total enrollment | Sites visited: Enrollees interviewed |
|---|---|---|---|---|---|
| Urban: | | | | | |
| Chicago | 1,850 | 43 | 47,731 | 2,082 | 210 |
| Los Angeles | 2,252 | 45 | 16,715 | 875 | 226 |
| New Haven | 230 | 45 | 3,212 | 604 | 189 |
| Newark | 446 | 40 | 7,719 | 2,337 | 187 |
| | 4,778 | 173 | 75,377 | 5,898 | 812 |
| Rural: | | | | | |
| CAAG | 145 | 23 | 436 | 120 | 70 |
| Tri-Town | 37 | 16 | 222 | 168 | 76 |
| Ulster County | 163 | 18 | 452 | 71 | 50 |
| | 345 | 57 | 1,110 | 359 | 196 |
| Total | 5,123 | 230 | 76,487 | 6,257 | 1,008 |

The number of enrollees assigned to urban sites visited ranged from 1 to 260; the number assigned to rural sites ranged from 1 to 30.

We also made selected tests of sponsor payroll procedures to see whether enrollees were paid for days of absence, and we inquired about the development and monitoring of worksite activity by sponsors and Labor.

APPENDIX I

## MINIMALLY ACCEPTABLE WORKSITES AND ENROLLEES ASSIGNED COMPARED TO ALL WORKSITES VISITED AND THEIR ENROLLMENT BY SPONSOR

| Sponsor | Sites | | | Enrollees assigned | | |
|---|---|---|---|---|---|---|
| | | Minimally acceptable | | | At minimally acceptable sites | |
| | Visited | Number | Percent | At all sites visited | Number | Percent |
| Urban: | | | | | | |
| Chicago | 43 | 15 | 35 | 2,082 | 706 | 34 |
| Los Angeles | 45 | 28 | 62 | 875 | 495 | 57 |
| New Haven | 45 | 20 | 44 | 604 | 184 | 30 |
| Newark | 40 | 7 | 18 | 2,337 | 183 | 8 |
| | 173 | 70 | 40 | 5,898 | 1,568 | 27 |
| Rural: | | | | | | |
| CAAG | 23 | 18 | 78 | 120 | 97 | 81 |
| Tri-Town | 16 | 13 | 81 | 168 | 137 | 82 |
| Ulster | 18 | 14 | 78 | 71 | 46 | 65 |
| | 57 | 45 | 79 | 359 | 280 | 78 |
| Total | 230 | 115 | 50 | 6,257 | 1,848 | 30 |

APPENDIX II

## WORKSITES PROVIDING ENOUGH USEFUL WORK AND ENROLLEES ASSIGNED COMPARED TO ALL WORKSITES VISITED AND THEIR ENROLLMENT BY SPONSOR

| Sponsor | Sites | | | Enrollees assigned | | |
|---|---|---|---|---|---|---|
| | | Providing enough useful work | | | At sites with enough useful work | |
| | Visited | Number | Percent | At all sites visited | Number | Percent |
| Urban: | | | | | | |
| Chicago | 43 | 29 | 67 | 2,082 | 1,361 | 65 |
| Los Angeles | 45 | 31 | 69 | 875 | 519 | 59 |
| New Haven | 45 | 29 | 64 | 604 | 283 | 47 |
| Newark | 40 | 8 | 20 | 2,337 | 192 | 8 |
| | 173 | 97 | 56 | 5,898 | 2,355 | 40 |
| Rural: | | | | | | |
| CAAG | 23 | 19 | 83 | 120 | 101 | 84 |
| Tri-Town | 16 | 15 | 94 | 168 | 155 | 92 |
| Ulster | 18 | 17 | 94 | 71 | 64 | 90 |
| | 57 | 51 | 89 | 359 | 320 | 89 |
| Total | 230 | 148 | 64 | 6,257 | 2,675 | 43 |

APPENDIX III

## WORKSITES AND ENROLLEES ASSIGNED WITH SUPERVISION WHICH PROVIDED OPPORTUNITY TO DEVELOP GOOD WORK HABITS COMPARED TO ALL WORKSITES VISITED AND THEIR ENROLLMENT BY SPONSOR

| Sponsor | Sites | | | Enrollees assigned | | |
|---|---|---|---|---|---|---|
| | | Providing good work habits | | | At good work habit sites | |
| | Visited | Number | Percent | At all sites visited | Number | Percent |
| Urban: | | | | | | |
| Chicago | 43 | 21 | 49 | 2,082 | 1,133 | 54 |
| Los Angeles | 45 | 31 | 69 | 875 | 581 | 66 |
| New Haven | 45 | 28 | 62 | 604 | 338 | 56 |
| Newark | 40 | 12 | 30 | 2,337 | 520 | 22 |
| | 173 | 92 | 53 | 5,898 | 2,572 | 44 |
| Rural: | | | | | | |
| CAAG | 23 | 20 | 87 | 120 | 111 | 92 |
| Tri-Town | 16 | 14 | 88 | 168 | 150 | 89 |
| Ulster | 18 | 14 | 78 | 71 | 46 | 65 |
| | 57 | 48 | 84 | 359 | 307 | 86 |
| Total | 230 | 140 | 61 | 6,257 | 2,879 | 46 |

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